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No. 08-394

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

RATTLER TOOLS, INC.,

Petitioner,

v.

BILCO TOOLS, INC. and WILLIAM COYLE,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

REPLY BRIEF

RICHARD J. OPARIL
Counsel of Record
PATTON BOGGS LLP
2550 M Street, NW
Washington, DC 20037
(202) 457-6000

Attorneys for Petitioner

Of Counsel:

THOMAS S. KEATY
BELLA I. SAFRO
KEATY PROFESSIONAL LAW CORPORATION
2140 World Trade Center
New Orleans, LA 70130
(504) 524-2100

219940

COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

STATEMENT PURSUANT TO RULE 29.6

Petitioner's corporate disclosure statement was set forth at page *ii* of its Petition for a Writ of Certiorari, and there are no amendments to that statement.

Respondents argue in opposition to the petition that there exists no compelling reason for this Court to address the standard of review that applies on appeal to fact finding in the patent claim construction process, and that at least it should not do so in this case. Moreover, Respondents erroneously allege that Petitioner failed to provide its claim construction before trial and, consequently, has no right to complain now. Neither argument is convincing and Petitioner submits this brief response to the new matter. Considering that in the last few years, the Federal Circuit issued a number of contradictory decisions on the standard of review of the trial courts' claim construction, this Court should intervene and provide guidance to the lower courts as well as the patent Bar.

ARGUMENT

Members of the Federal Circuit openly acknowledge that the standard of review is uncertain, replete with inconsistent, often contradictory applications of the law. *See Free Motion Fitness, Inc. v. Cybex Int'l, Inc.*, 423 F.3d 1343 (Fed. Cir. 2005), in which the Federal Circuit again disagreed on claim construction. Other Federal Circuit decisions subsequent to *Phillips v. AWH Corp.*, 415 F.3d 1303, 1319 (Fed. Cir. 2005) (en banc) flatly contradicted the statute, this Court's precedent, and even the *en banc Phillips* decision itself. For example, in *Amgen Inc. v. Hoechst Marion Rousell, Inc.* 469, F.3d 1039 (Fed. Cir. 2006) (order denying rehearing en banc), the Federal Circuit issued **six different** opinions regarding whether the court owes any deference to the trial court's patent claim construction rulings.

It was in this uncertain atmosphere that Petitioner made its appeal to the Federal Circuit. On the appeal, Petitioner pointed out that the trial court made numerous errors in claim construction, particularly erroneously construing seven of the thirteen terms and misapplying eight of the claim terms to the accused device.[1] An example of the erroneous claim construction performed by the District Court was the interpretation of the claim term "magnet protector that extends outwardly from **exterior** of the tool body" to mean that the magnet protectors must create an uneven surface on exterior of the tool, similar to a pinwheel. During the appellate hearing, the Petitioner's counsel cited this matter as an example of the district court's erroneous claim construction. One of the sitting judges then inquired where Petitioner believed would be the "interior surface." This question was asked about a patent claim, which starts with the words "a tool body having a central opening therein." During the same hearing, another judge stated that he had read the Petitioner's Brief up to page 7 and still did not see where Petitioner pointed out the district court's errors.

These events certainly suggest that the Federal Circuit may have afforded only a cursory review to the issues brought before the court and may not have fully appreciated the importance of the *de novo* construction review in this particular case.

Respondents erroneously contend that Petitioner failed to provide its own claim construction and therefore, the trial court's decision should not be

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1. Respondents erroneously contend that Petitioner complained of thirteen erroneously constructed claim terms.

reviewed. Nothing could be further from the truth. The district court did not hold a pretrial *Markman* hearing or argument for the purpose of considering any disputed claim terms. Petitioner nevertheless provided ample information on its interpretation of the patent claims both during the discovery period, through the depositions of the inventor and of the Petitioner's patent expert, at trial. During trial, inventor David Ruttley explained in full detail his understanding of the claim terms and their application to the accused device. The Petitioner's patent expert, likewise, provided extensive detailed testimony on how he believed the claims should be construed and applied to the accused device.

In contrast, Respondents' "technical" expert, Lubert Westra, who without any legal training, still claimed to be knowledgeable about the patent law, opined about various aspects of the accused tool that he believed do not fall within the scope of the patent claims. Ironically, the trial court adopted Mr. Westra's claim understanding almost in its entirety.

Respondents also erroneously contend that Ruttley's tool was not the first of its kind in the industry. Petitioner did not assert that Ruttley's tool was the first ever magnetic tool. Rather, Petitioner has contended and continues to contend that Ruttley's tool, when first introduced, enjoyed exclusivity in the marketplace due to its unique features, which provided the tool with abilities superior to any other tool known at that time in the field. It was due to these patented features that the oil companies were willing to pay high royalties for the lease of the tool. It was those commercial successes that prompted Respondents to copy and sell the magnetic retrieval tool in direct competition with Rattler.

This case, moreover, presents the ideal vehicle for considering and resolving the issue of how to conduct the claim construction process both at the trial court level and at the appellate level. The decision below is contrary to the prior Federal Circuit's standard of review *en banc* decisions. Each time — in *Markman*, *Cybor*, and *Phillips* — it has left its rule of *de novo* review intact. However, in later decisions[2], the Federal Circuit appears to be uncertain as to whether the appellate court owes any deference to the trial court's patent claim construction rulings. This Court cannot expect any further development of the issue in the Federal Circuit. The issue is ripe for review in this Court, particularly given the contradictory rulings made by the one U.S. Court of Appeals that is intended to achieve uniformity in U.S. Patent law.

Finally, the issue before this Court is an issue of law: whether this Court's precedents require that factual findings made in the claim construction process be reviewed *de novo* on appellate review. Whatever rule the Court ultimately adopts will apply to fact finding in all patent cases at the district court and the appellate level. This case is an ideal vehicle through which to set forth the precise level of deference that is required.

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2. *Lizardtech, Inc. v. Earth Resource Mapping, Inc.* 433 F.3d 1373 (Fed. Cir. 2006), *reh'g denied; Nazomi Communications, Inc. v. Arm Holdings, P.L.C.*, 403 F.3d 1364, 1369 (Fed. Cir. 2005); *Amgen Inc. v. Hoechst Marion Roussel, Inc.* 469 F.3d 1039 (Fed. Cir. 2006) (order denying rehearing *en banc*).

CONCLUSION

For all the foregoing reasons, Petitioner respectfully requests that the decision of the U.S. Court of Appeals be reversed and remanded.

Respectfully submitted,

RICHARD J. OPARIL
Counsel of Record
PATTON BOGGS LLP
2550 M Street, NW
Washington, DC 20037
(202) 457-6000

Attorneys for Petitioner

Of Counsel:

THOMAS S. KEATY
BELLA I. SAFRO
KEATY PROFESSIONAL LAW CORPORATION
2140 World Trade Center
New Orleans, LA 70130
(504) 524-2100